

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Richard P. Krasnow

Attorneys for Debtors
and Debtors in Possession

SULLIVAN & CROMWELL LLP
125 Broad Street
New York, New York 10004
Telephone: (212) 558-3830
Facsimile: (212) 558-3588
Andrew G. Dietderich
John J. Jerome

Attorneys for Heron Quays (HQ2) T1 Limited
and Heron Quays (HQ2) T2 Limited,
Canary Wharf Management Ltd., and
Canary Wharf Contractors Ltd.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----x
In re : Chapter 11 Case No.
: :
LEHMAN BROTHERS HOLDINGS INC., *et al.*, : 08-13555 (JMP)
: :
Debtors. : (Jointly Administered)
: :
-----x

**STIPULATION, AGREEMENT, AND ORDER REGARDING
CERTAIN CLAIMS FILED BY THE CANARY WHARF ENTITIES**

Lehman Brothers Holdings Inc. (“LBHI”), as debtor in possession, and (i) Heron Quays (HQ2) T1 Limited and Heron Quays (HQ2) T2 Limited (collectively, the “Heron Quays”), (ii) Canary Wharf Management Ltd. (the “Management Company”), and (iii) Canary

Wharf Contractors Ltd. (the “Contractor”) (parties i through iii, collectively, the “Canary Wharf Entities” and, together with LBHI, the “Parties”), hereby stipulate and agree as follows:

RECITALS

A. On September 15, 2008 and on various dates thereafter, each of LBHI and certain of its affiliates (collectively, the “Debtors”) filed voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), which cases are being jointly administered under Case Number 08-13555 (the “Lehman Bankruptcy Case”).

B. On July 2, 2009, the Bankruptcy Court entered an order establishing September 22, 2009 at 5:00 p.m. (Prevailing Eastern Time) as the deadline for the filing of proofs of claim against LBHI based upon prepetition claims.

C. On September 14, 2009, the Canary Wharf Entities timely filed three proofs of claim against LBHI indicated below for the amounts allegedly owed by LBHI in respect of certain obligations generally described below (collectively, the “Canary Wharf Claims”):

<u>Claimant</u>	<u>Claim Number</u>	<u>Filed Amount</u>
Management		
Company	14824	\$195,550,000
Contractor	14825	\$832,995
Heron Quays	14826	\$4,280,970,000
TOTAL		\$4,477,352,995

D. The Debtors have informally advised the Canary Wharf Entities that the Debtors dispute the Canary Wharf Claims.

E. On July 1, 2011, the Debtors filed a Second Amended Joint Chapter 11 Plan, ECF No. 18204 (as it may be amended or modified, the “Plan”), and related Disclosure

Statement, ECF No. 18205 (as it may be amended or modified, the “Disclosure Statement”).

The Canary Wharf Entities have informally advised the Debtors that the Canary Wharf Entities have an objection to the Disclosure Statement and the Plan to the extent that the Canary Wharf Claims are classified or characterized other than as Class 3 Claims.

F. After good-faith arms'-length negotiations, the Parties have agreed to resolve certain of the disputes concerning the Canary Wharf Claims pursuant to the terms and conditions set forth in this stipulation and agreement (the “Stipulation”).

AGREEMENT

1. This Stipulation shall become effective once it has been executed by both Parties and approved by the Bankruptcy Court (the “Effective Date”).

2. Upon the Effective Date, the Canary Wharf Claims shall be reduced to the maximum amounts set forth below:

<u>Claimant</u>	<u>Claim Number</u>	<u>Filed Amount</u>
Management		
Company	14824	\$9,150,000
Contractor	14825	\$850,000
Heron Quays	14826	<u>\$770,000,000</u>
TOTAL		\$780,000,000

3. In consideration of the Canary Wharf Entities agreeing to the aggregate maximum allowable amount of the Canary Wharf Claims as provided in paragraph 2 above, LBHI agrees that it will reserve against payment of such maximum allowable amount, until such time as the Canary Wharf Claims are settled or finally adjudicated, an amount equal to the sum which would have been distributed in respect of such maximum allowed amount had the same been allowed as Class 3 claims under the Plan. The Canary Wharf Entities further agree not to object to the Disclosure Statement or the confirmation of the Plan or, subject to the requirements of section 1125 of the Bankruptcy Code, including the approval by the Bankruptcy Court of the

Disclosure Statement and its transmittal to creditors and other parties in interest, to vote against the Plan. The Parties agree that any dispute as to the Canary Wharf Claims, including classifications, shall be resolved after confirmation of the Plan, if the same is confirmed.

4. Other than establishing the maximum allowable amount of each of the Canary Wharf Claims as provided in paragraph 2 above, (a) nothing contained in this Stipulation shall be deemed or construed as allowing or approving any of the Canary Wharf Claims or fixing or determining the classifications thereof under the Plan; (b) LBHI reserves any and all rights, claims, defenses, challenges, and objections, all on any grounds, relating to the validity, enforceability, and amount of each of the Canary Wharf Claims and the classifications thereof; (c) the Canary Wharf Entities reserve any and all rights, claims, and defenses regarding the Canary Wharf Claims (subject to said maximum allowable amount) and any and all objections to the classifications thereof under the Plan other than as Class 3 claims; and (d) nothing provided for in this Stipulation or any actions taken or not taken by the Canary Wharf Entities in connection with the implementation thereof, including, without limitation, not objecting to the Disclosure Statement or confirmation of the Plan or not voting against the Plan shall be deemed as an admission, concession, or determination of the Canary Wharf Claims or the characterization or the classifications thereof.

5. This Stipulation contains the entire agreement between the Parties as to the subject matter hereof and supersedes all prior agreements and undertakings among the Parties relating thereto.

6. This Stipulation may not be modified other than by signed writing executed by all Parties or by order of the Bankruptcy Court.

7. Each person who executes this Stipulation represents that he or she is duly

authorized to do so on behalf of the applicable Party and that each such Party has full knowledge of, and has consented to, this Stipulation.

8. This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation to present any copy, copies, or facsimiles signed by the Parties.

9. This Stipulation shall inure to the benefit of, and shall be binding upon, the Parties and their respective successors and assigns.

10. This Stipulation shall be exclusively governed by and construed and enforced in accordance with the laws of the State of New York, without regard to the conflicts of law principles thereof.

11. The Bankruptcy Court shall have exclusive jurisdiction over any and all disputes arising out of or otherwise relating to this Stipulation.

Dated as of August 22, 2011.

/s/ Richard P. Krasnow

Richard P. Krasnow

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

Attorneys for Lehman Brothers Holdings Inc.

/s/ Andrew G. Dietderich

Andrew G. Dietderich
John J. Jerome

SULLIVAN & CROMWELL LLP
125 Broad Street
New York, New York 10004
Telephone: (212) 558-3830
Facsimile: (212) 558-3588

Attorneys for Heron Quays (HQ2) T1 Limited
and Heron Quays (HQ2) T2 Limited, Canary
Wharf Management Ltd., and Canary Wharf
Contractors Ltd.

SO ORDERED:

Dated: New York, New York
September 1, 2011

s/ James M. Peck
HONORABLE JAMES M. PECK
UNITED STATES BANKRUPTCY JUDGE